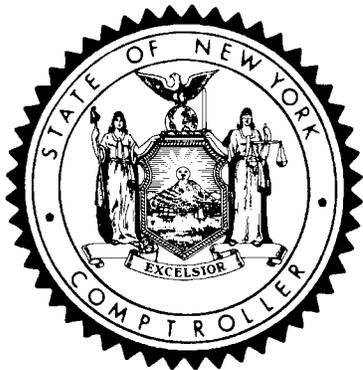


State of New York
Office of the State Comptroller
Division of Management Audit
and State Financial Services

**DIVISION OF
CRIMINAL JUSTICE SERVICES
STATE INSURANCE DEPARTMENT
DIVISION OF STATE POLICE**

**ADMINISTRATION OF THE MOTOR
VEHICLE LAW ENFORCEMENT FEE**

REPORT 99-S-32



H. Carl McCall
Comptroller



State of New York Office of the State Comptroller

Division of Management Audit and State Financial Services

Report 99-S-32

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Dear Ms. Lapp and Messrs. McMahon and Levin:

The following is our report on the administration of the Motor Vehicle Law Enforcement Fee.

This audit was performed pursuant to the State Comptroller's authority as set forth in Article 36-A, Section 846-m of the Executive Law, Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law. We list major contributors to this report in Appendix A.

*Office of the State Comptroller
Division of Management Audit
and State Financial Services*

August 3, 2000

Executive Summary

Division of Criminal Justice Services

State Insurance Department - Division of State Police

Administration of the Motor Vehicle Law Enforcement Fee

Scope of Audit

Chapter 55 of the Laws of 1992 requires insurance companies in the State to annually collect a Motor Vehicle Law Enforcement Fee (Fee) of one dollar for each insured motor vehicle. The purpose of the Fee is to help fund the costs of detecting, prosecuting and reducing automobile theft in the State. Companies remit Fees monthly, along with a report of amounts collected in total and by vehicle type, to the Department of Insurance, which records and deposits these funds. Assessments from passenger vehicles and other motor vehicles are reserved, respectively, for expenditures from: the State Police Motor Vehicle Law Enforcement Account (State Police Account), to support State Police operations, including auto theft and insurance fraud prevention activities; and the Division of Criminal Justice Services' Motor Vehicle Law Enforcement Fund, to fund local government auto theft and insurance fraud reduction efforts.

The State Insurance Department collected a total of \$72.6 million in Fees from July 1, 1992 through August 31, 1999. Of this amount, \$64.4 million was deposited in the State Police Account and \$8.2 million was deposited in the Motor Vehicle Law Enforcement Fund. In 1994, Article 36-A of the Executive Law (Law) created the New York Motor Vehicle Theft and Insurance Fraud Prevention Demonstration Program (Program) to provide an integrated means of preventing and reducing auto theft and insurance fraud by developing and funding demonstration projects. The Program is overseen by the New York Motor Vehicle Theft and Insurance Fraud Prevention Board (Board), chaired by the Commissioner of Criminal Justice Services, and funded by the Motor Vehicle Theft and Insurance Fraud Prevention Fund (formerly the Motor Vehicle Law Enforcement Fund). However, the Board was not appointed and the Program did not begin until 1997, when the rate of auto thefts, which began to decline in 1990, had reached a 20-year low. The current sunset date for the Program is July 1, 2003.

Our audit, which is mandated by Article 36-A, Section 846-m of the Executive Law addressed the following questions about the administration of the Fee for the period April 1, 1997 through November 30, 1999:

- ! Is the Program being managed effectively to achieve Program objectives?
-

! Are State Insurance Department and Division of State Police officials fulfilling their respective responsibilities for collecting Fee revenues and accounting for Fee-related expenditures?

Audit Observations and Conclusions

We found that the Board has not developed a mandated statewide plan for the Program, and the Division of Criminal Justice Services (Division) cannot demonstrate that the Program has had an impact on the incidence of auto theft or insurance fraud. The Board also has not adequately documented its grant selection process; its monitoring of grantee projects and attendance at Board meetings was low. Further, the Division of State Police (State Police) did not implement our recommendation to separately account for State Police Account revenues used for Program purposes. The State Insurance Department (Department) implemented our prior recommendations to improve controls over Fee collections.

The Division began to implement the Program without a plan, and has awarded grants totaling more than \$6 million over the last three years. However, most projects are still in their beginning stages. To date, the Division has not been able to demonstrate the Program's impact on auto theft rates. Further, of the eight grantees we visited, none could show that its Program-funded project had a measurable impact on Program objectives. We recommend the Board develop a plan, as required, promote improved attendance at Board meetings, and develop reporting systems to measure the results of Program projects. (See pp. 5-9)

The Division should establish and implement formal processes to help provide assurance that it is in compliance with the Law and administers the program effectively. We found that the Division does not document the process it uses to select Program grants and determine award amounts. It also does not track grantees' submission of required fiscal reports, and most of these reports are submitted late and are improperly prepared. Further, the Division does not follow its own schedule for monitoring grantees' projects, or visit grantees to review documentation of project expenditures to ensure Program funds are used for Program purposes. We recommend the Division develop formal comprehensive guidelines to monitor grantee activities, and compliance with contract requirements. (See pp. 9-18)

Comments of Division, Department and State Police Officials

In general, Division officials agree with our audit observations and assert that they have administered the Program the best that they could, considering the previous absence of administrative funding and available resources. Department officials informed us that their reconciliations to date of Fee-related data have not identified any significant discrepancies between insurer records. State Police officials continue to disagree with our recommendation stating that the Program-related data we recommend they report and maintain are not required under current Legislation. We believe that as the recipients of \$64.4 million (88.7 percent) of the total collected through August 1999, there is a need to change their position and account for how the monies are expended.

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Exhibit B	Grant Recipients and Award Amounts (1997-1999)
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Exhibit C	Motor Vehicle Thefts per 100,000 Population by County (1997)
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Appendix A	Major Contributors to This Report
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Introduction

Background

Chapter 55 of the Laws of 1992 requires every insurance company authorized to do business in New York State to collect an annual Motor Vehicle Law Enforcement Fee (Fee) of one dollar for each motor vehicle insured by policies issued or renewed after July 1, 1992. The purpose of the Fee is to create a source of funds to help support the costs of detecting, prosecuting and reducing automobile theft and insurance fraud in the State. Four State agencies have roles in administering this Fee: the State Insurance Department (Department), the Office of the State Comptroller (OSC), the Division of State Police (State Police) and the Division of Criminal Justice Services (Division).

Insurance companies remit Fee revenues to the Department on or before the 15th day of the month after they are collected, along with a monthly report showing the total dollar amount collected by vehicle type (e.g., passenger, livery). Each company also sends the Department an annual financial report, which includes the number and type of motor vehicles it insured during the preceding year. The Department then transfers Fee collections to OSC, which reserves these funds for expenditures from two accounts: the State Police Motor Vehicle Law Enforcement Account (State Police Account) and the Division's Motor Vehicle Law Enforcement Fund. State Police Account monies, derived from Fees assessed on passenger vehicles, are designated for supporting operating expenses of the State Police, including, but not limited to, the costs of detecting, prosecuting and reducing auto theft and insurance fraud. Motor Vehicle Law Enforcement Fund monies, derived from Fees assessed on all other types of motor vehicles (e.g., taxicabs, commercial vehicles), were designated for local law enforcement efforts to reduce auto theft and insurance fraud. The Department collected a total of \$72.6 million in Fee revenues from July 1, 1992 through August 31, 1999. Of this amount, \$8.2 million was deposited in the Motor Vehicle Law Enforcement Fund and \$64.4 million was deposited in the State Police Account.

In 1994, the Legislature amended the original legislation by enacting Article 36-A of the Executive Law (Law), the New York Motor Vehicle Theft and Insurance Fraud Prevention Demonstration Program (Program). The Program is to provide an integrated means of preventing, deterring, and reducing the incidence of automobile theft and automobile insurance fraud by developing and funding demonstration projects, such as educational seminars, outreach endeavors and specialized law enforcement units. The Program is funded by the Motor Vehicle Theft and Insurance Fraud Prevention Fund (Motor Vehicle Fund) - formerly the Motor Vehicle Law Enforcement Fund - and remains under the Division's jurisdiction. The Law requires that the Program be directed and overseen by a 12-member

New York Motor Vehicle Theft and Insurance Fraud Prevention Board (Board), chaired by the Division's Commissioner, whose members represent law enforcement agencies, insurance companies and the purchasers of auto insurance. According to the Law, the Division, pursuant to the Board's direction, is to expend monies from the Motor Vehicle Fund, based on legislative appropriation, to reimburse the costs incurred by Program grantees for only those pilot program activities that are related to the detection, prevention or reduction of automobile theft and automobile insurance fraud. The Board was given the responsibility of developing a statewide plan to coordinate the Program.

At the time this Law was enacted in 1994, motor vehicle theft and insurance fraud was identified as an increasingly expensive problem, with a cost to policyholders of billions of dollars a year: auto thefts had increased by 65 percent between 1986 and 1990. However, by the time the Board was finally created in 1997, Division statistics showed that auto thefts were on the decline, having decreased 57 percent statewide since 1990, from 187,591 to 79,740. (See *Exhibit A*.) In fact, the number of motor vehicles reported stolen in New York State in 1997 had dropped to its lowest level in two decades. It is important to note that the Program was actually implemented after this significant decrease in auto thefts had already occurred.

Of the \$8.2 million deposited in the Motor Vehicle Fund, the Division had \$6.4 million available (through appropriation) to fund Program projects from 1997 through 1999. As of September 15, 1999, the Division had awarded grants totaling more than \$2.8 million, and expended over \$694,000 (primarily during July and August of 1999) to reimburse grantee Program costs. Between September 15, 1999 and February 22, 2000, the Division reimbursed grantees an additional \$587,000.

The Division is required to report annually to the Governor and the Legislature on the results of the Program. The current date the Program is scheduled to expire ("sunset") is July 1, 2003.

Of the \$64.4 million deposited in the State Police Account as of August 31, 1999, the State Police reported expenditures of \$60.7 million from the available State Police Account funds to support operations, including the New York Statewide Police Information Network (NYSPIN). NYSPIN is an automated system that gives law enforcement personnel ready access to nationwide information about licensed drivers and registered vehicles. According to the Law, the State Police can use Fee revenues from the State Police Account for operating expenses, including, but not limited to, activities like NYSPIN which could enhance the detection, prosecution and reduction of automobile theft and insurance fraud.

Audit Scope, Objectives and Methodology

The audit of the administration of the Motor Vehicle Law Enforcement Fee is mandated by Article 36-A, Section 846-m of the Executive Law. This audit covers the period April 1, 1997 through November 30, 1999. The objectives of our program and financial-related audit were to determine whether the Division has effectively managed the Program to develop and fund demonstration projects for preventing and detecting auto theft and insurance fraud, and whether the Department and the State Police have fulfilled their respective responsibilities for collecting Fee revenues and accounting for Fee-related expenditures.

To accomplish our objectives, we interviewed Division, Department and State Police officials and Program grantees. We also reviewed revenue and expense-related documents and files, including fiscal cost reports, purchase orders, vouchers, payroll records, as well as statements and reports from insurance companies. Further, we reviewed Division requests for proposals, Program contracts and project monitoring files, and visited eight of the 19 grantees funded in the first two years of the Program, as follows: Bronx County, City of Buffalo, Nassau County, New York Anti-Car Theft Association, New York City/Queens County, Rensselaer County, City of Rochester and Westchester County. (The 19 grantees are identified in *Exhibit B*.) We selected the grantees we visited based on the significance of their grant award amounts, their geographic location, and the total expenditures they reported as of September 15, 1999.

We conducted our audit in accordance with generally accepted government auditing standards. Such standards require that we plan and perform our audit to adequately assess those operations which are included within the audit scope. Further, these standards require that we understand the Program-related internal control structures and compliance with those laws, rules and regulations that are relevant to the operations included in our audit scope. An audit includes examining, on a test basis, evidence supporting transactions recorded in the accounting and operating records and applying such other auditing procedures as we consider necessary in the circumstances. An audit also includes assessing the estimates, judgments, and decisions made by management. We believe that our audit provides a reasonable basis for our findings, conclusions and recommendations.

We use a risk-based approach to select activities for audit. We therefore focus our audit efforts on those activities we have identified through a preliminary survey as having the greatest probability for needing improvement. Consequently, by design, we use finite audit resources to identify where and how improvements can be made, and devote little audit effort to reviewing operations that may be relatively efficient or effective. As a result, we prepare our audit reports on an "exception basis." This report,

therefore, highlights those areas needing improvement and may not address activities that may be functioning properly.

Internal Control and Compliance Summary

Our evaluation of the Division's internal control structure identified weaknesses in how Division staff review grantee Program-related expenditures. As a result, there is a risk that Program funds may be expended for non-Program activities. We discuss these weaknesses in the report section entitled "Review of Grant Expenditures."

Our evaluation of the Department's internal control structure over Fee collections did not identify any significant weaknesses.

We did not evaluate the internal control structure over the State Police's Program-related operations since their systems and controls are not segregated in a manner to identify the usage of Fee monies.

Comments of Division, Department and State Police Officials

We provided a draft copy of the matters presented in this report to Division, Department and State Police officials for their review and comment. Their comments were considered in preparing this final report and are attached in their entirety as Appendices B, C and D.

Within 90 days after final release of this report, as required by Section 170 of the Executive Law, the Commissioner of the Division of Criminal Justice Services, the Superintendent of the Division of State Police, and the Superintendent of the Insurance Department, shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons therefor.

Motor Vehicle Theft and Insurance Fraud Prevention Demonstration Program

Overall Progress of the Program

We found that the Board and the Division have not made significant progress in coordinating a comprehensive statewide Program and, as a result, cannot demonstrate that Program projects have contributed to reducing or preventing auto theft and auto insurance fraud. We also found that the Division needs to improve its administration of the Program by adequately documenting the Board's grant selection process and its monitoring of Program-funded projects. Further, the Division has not reported measurable Program impacts.

Program Plan

According to the Law, the Program should provide an integrated means to prevent, deter and reduce the incidence of automobile theft and insurance fraud by developing and funding demonstration projects which include education, prevention and specialized law enforcement units. When the Program was established, the Law authorized the creation of the Board with responsibility to "develop a plan of operation that shall provide for a coordinated approach to curtailing automobile theft and insurance fraud throughout the State." This statewide plan of operation (plan) was to include an assessment of the scope of the problem of motor vehicle theft and insurance fraud, including a regional analysis and an analysis of various methods of combating the problem. Further, Division officials were supposed to develop a request for proposals (RFP) process consistent with the plan for awarding Program grants. The plan was also supposed to guide officials in assessing whether demonstration projects were achieving Program goals.

However, as of the end of our audit field work, the Board had not developed the mandated plan or made any significant progress in doing so. Although the Board has reportedly used the priorities outlined in the governing legislation when making grant awards, the Program implementation that has occurred has taken place without the benefit of the coordinated approach a comprehensive plan would provide to help ensure Program funds were used most effectively. We believe the Board's lack of progress in developing a plan is attributable, in part, to Board members' irregular attendance at meetings. Our review of the minutes for all Board meetings that took place from September 1997 through October 1999 shows that the plan was discussed at only three of the nine meetings. Further, we found that the quorum (7 of 12 members, as required by the Law) needed to transact business and conduct voting was not present at two of the nine

meetings, and conversely, business (voting) was even conducted at one of the meetings when a quorum was not present.

The Division has been implementing the Program without a formal plan since 1997. Therefore, the \$6.3 million awarded to date may not have been used in the most efficient and effective manner to combat auto theft and insurance fraud statewide. Division officials told us that the experience they gained in funding these initial projects gave them expertise in the area of car theft and insurance fraud which they can now apply to developing a statewide plan. They indicated that together with the Board, they have established a task force to recommend features for the plan. The task force consists of representatives from the Division, the Department, the State Police, the Department of Motor Vehicles, the National Insurance Crime Bureau and the current grant recipients throughout the State (e.g., police departments and district attorneys). We believe this is the direction that the Division should take to improve Program implementation. (In its reply to our draft report, the Division indicated that legislation has been introduced to authorize Board members to designate a proxy in their absence. The Division Chair applauded Board member attendance rates, considering that they are non-compensated members who had many other professional demands on their time.)

Program Implementation

As noted above, despite the lack of a formal plan, the Board awarded Program grants totaling \$6.3 million over the last three years (See *Exhibit B*). However, we found that most of these grant projects were still in their beginning stages. Division and grantee officials state that the delay in implementing the Program is due to a number of factors, including the length of time it took to establish the Board, the time-consuming contract approval and execution process at both the State and local government levels, and in some cases, the unavailability of necessary equipment.

The initial Program delay was in naming Board members. Effective April 1, 1994, the Governor and Legislature were responsible for appointing a 12-member Board to oversee the Program. However, the Board was not established until September 1997 - more than three years after the Law's effective date. By the end of November 1997, the Board had established bylaws, developed an RFP process and made the first round of contract awards for demonstration projects. The first 1997 demonstration project was scheduled to begin January 1998. Due to delays in the contract approval and execution process, however, five of the nine 1997 projects did not begin until September 1998 - eight months later. The latest of the 1997 projects did not begin until March 1999 - ten months after its planned start date. We found similar delays with the second round of projects (16 projects, including 10 new ones) awarded at the end of 1998. As of November 1999, one 1998 project was still without an executed contract

eleven months after the project's planned start date of January 1, 1999. It is obvious that the Division needs to allow more time for an executed contract to be put in place prior to the scheduled start of a new project.

The lack of equipment needed to implement certain Program objectives has also caused delays in starting some projects. The State Police received an appropriation of \$6 million in State fiscal year 1997-98 to buy high-tech investigative surveillance equipment which they were to make available to grantees (police departments and district attorneys' investigative units) to use in Division projects related to combating motor vehicle theft and insurance crimes. However, according to officials at three grantees, the State Police did not purchase any of this equipment until early 1999, and purchased the last of it in late October 1999. Without the equipment to pursue program objectives, the grantees have logically had difficulty achieving their project goals. (In response to our draft report, the Division Chair cites reduced contract execution times for fiscal year 1999-2000 grant awards. She attributes the Program's credibility, and the newly-received administrative funding, as contributing to their improved performance.)

Program Results

The Law states that the intent of the Program is to reduce motor vehicle insurance rates by reducing the incidence of motor vehicle theft and insurance fraud. In enacting this Law, legislators anticipated that consumers would benefit from lower insurance premiums if the Program was effective in its efforts. However, reported auto thefts had already declined dramatically by the time the Program was finally put in place, and most Program demonstration projects are still fairly new. Since there is no cause and effect relationship between the Program and the reduced auto thefts that pre-existed its implementation, our audit did not address whether reductions in these crimes between 1990 and 1997 resulted in lower insurance premiums for consumers. Rather, we focused our attention on the Division's achievement of the Program's immediate goal: further reductions in auto theft occurrences.

To determine the extent to which the Program helps to reduce the incidence of these crimes, the Division needs methodologies in place to measure the impacts of the individual projects and of the Program as a whole. The Division should include these impacts in its annual reports for the Program. We found, however, that the Program's annual reports for 1997 and 1998 did not include an assessment of Program results. To determine whether they could document impact at the project level, we visited eight grantees (Bronx County, the City of Buffalo, Nassau County, the New York Anti-Car Theft Association [NYACT], New York City/Queens County, Rensselaer County, the City of Rochester and Westchester County). In all but one case, the project officials interviewed explained that they are currently tracking motor vehicle theft and insurance fraud-related activities,

but that they do not have baseline data to use to make pre- and post-project comparisons.

The Nassau County Police Department was the only grantee we visited that was able to provide comparative statistics demonstrating the results of its Program efforts to date. This grantee provided statistics for 1997 and 1998 which showed the results of efforts to curtail motor vehicle theft and insurance fraud for the two years prior to project implementation. The grantee was also able to provide the same statistics for April 1, 1999 through September 30, 1999. The statistics showed that an increase in the number of auto theft and fraud-related interviews performed (from zero interviews in 1997 and 1998, to 349 interviews in the first five months of the project) resulted in a significant increase in the number of arrests for stolen vehicles. Comparison statistics, or other measurable results are needed to provide evidence of any impact the Program has had since its inception.

The Division should ensure that each funded project has systems in place to demonstrate the impact of its efforts, and that the Program, as a whole, is achieving demonstrable results. The Division should also report these results in the Program's annual report. While motor vehicle theft rates have been dramatically and consistently decreasing, project officials maintain that theft and fraud are still significant problems. Project officials consistently stated that elimination of this Program would result in the discontinuation of these valuable initiatives.

(In response to our draft report, the Division Chair stated that, since the Program's inception, the Board and Division have recognized the need to develop methods that capture relevant information about the activities and impact of Program-funded projects. She describes "process" and "output" measures that contractors are currently required to use that will eventually enable projects to prepare the "outcomes" and "impact" data we recommend they maintain.)

Recommendations

To the Division:

1. Develop and implement a plan of operation to help ensure the efficient, effective and coordinated use of Program funds.
2. Promote improved attendance at Board meetings.
3. Where possible, expedite the contract approval and execution process. Ensure projects commence upon contract execution.
4. Develop reporting systems that capture data needed to measure the impact of individual projects, and the Program as a whole, in reducing motor vehicle theft and insurance fraud.

Program Administration

The Division is responsible for administering the Program to ensure that grant applications are reviewed and awarded according to a documented methodology, that projects are regularly monitored and that grantees submit the required Program-related fiscal reports. Our audit revealed that the Division needs to make improvements in each of these areas.

Grant Distribution Process

The Law authorizes the Board to make Program grants through an RFP process. The Law also states that Program monies should be expended, in priority order, for auto theft and auto insurance fraud. The Law further states that the Division should consider, to the greatest extent possible, the geographic incidence of auto theft and fraud when it awards grants so that communities which experience the highest rates of these crimes are targeted by the Program. To help ensure it meets these provisions in awarding project grants, the Board should have a formal process to select projects for grant awards. However, we found that the Board has not established such a process. As a result, there is less assurance that Board decisions regarding grants are made consistently and equitably.

Division staff developed an initial Request for Proposal (RFP) process in late 1997, which was used to solicit the Program's first grant applicants. Subsequently, the Division completed two additional RFP processes in 1998 and 1999. In response to the three annual RFPs to date, the Division

received a total of 99 applications requesting \$15.6 million. The Legislature appropriated \$6.4 million of the \$8.2 million collected for Program grants as follows:

Year	Number of Applicants	Number of Grants Awarded	Total Dollars Requested (in millions)	Total Dollars Available (in millions)
1997	33	9	\$6.2	\$1.2
1998	26	10 new 6 continued	\$3.2	\$1.8
1999	40	13 new 17 continued	\$6.2	\$3.4
Total	99	55	\$15.6	\$6.4

The 1999 RFP indicated that the selection process includes, but is not limited to, consideration of numerous factors, such as the need for the program within the targeted geographical area; the extent to which the proposed program will reduce the incidence of automobile thefts or insurance fraud; the cost of the proposed project; and the availability of other funding sources. Division officials told us their selection process begins with the screening of all the applications to identify those that contain reasonable and feasible proposals. Division staff review the applications that survived the screening process to select the projects to be funded. Division officials stated that they consider the above factors when they review grant applications. However, they have not developed a formal methodology for prioritizing the above factors to help ensure consistent decision-making. Officials told us that three Division staff reviewed each proposal, discussed priorities and made recommendations to the Board. However, they did not provide us with documentation of these discussions.

Division officials explained the process they used to determine the individual grant amounts. Since the requests for projects that meet the selection criteria often exceed the annual grant funds available, Division staff attempt to eliminate any requested budget items (e.g., a staff position, an item of equipment) that, in their opinion, would not prevent the applicant from accomplishing the project's proposed goals and objectives. For example, if an applicant requests funding for three investigators, the Division may evaluate whether the applicant could manage the project with two investigators. However, as with the project selection process, there is no formal method to document how the Division determines the amount of money it awards to grantees.

Without a documented process to ensure the fair and consistent distribution of grants, possible inequities and/or the appearance of inequities could occur. For example, in 1997, 33 percent of the total funds available (\$400,000) were distributed to one applicant, the Queens County District Attorney/New York Police Department. Although 1997 Division statistics (See *Exhibit C*) show that Queens County is ranked first in the State in auto thefts (per 100,000 population), applications from both the Bronx and Kings Counties, which ranked second and third in 1997, respectively, were not funded until the following year.

Division officials explained that there are several reasons why they have not been able to establish formal, written procedures for the distribution of grants. In the last two years, there has been significant turnover in the position of Program manager, the Division official responsible for the day-to-day Program management. Further, the Board which was not established until September 1997, had to establish its bylaws, develop the RFP process, and make the first round of awards by the end of November, only two months later. According to Program officials, this did not allow much time for Board members to familiarize themselves with the Program and its legal requirements to ensure an adequate RFP review process. While we recognize that the above time constraints may have affected the Division's administration of the Program in 1997, we note that Division officials had not made significant modifications to improve these processes for their calendar year 1998 or 1999 awards. (In response to our draft report, the Division Chair reiterated the grant screening, approval and award processes described above, and acknowledged the benefits to be derived from formalizing and codifying the procedures governing these processes.)

Fiscal Reporting

According to the payment and reporting schedule outlined in the standard contract for the Program, grantees must submit fiscal cost reports (FCRs) quarterly illustrating grant expenditures and/or obligations for each quarter within 30 days after the end of the quarter. Grantees must also attach supporting documentation to the FCR. Timely submission of FCRs enables the Division to effectively monitor grantee expenditures to ensure that Motor Vehicle Fund monies are used only for reimbursing legitimate Program costs. However, we found that grantees generally do not submit FCRs timely. In fact, it was not until July 1999 that the majority of grantees began submitting FCRs at all. Only one grantee (Bronx) submitted all the required FCRs on time. Specifically, we found that:

- ! one grantee (Rensselaer) has not submitted any FCRs since project inception (May 1999);

-
- ! five grantees (Buffalo, Queens, Rochester, Westchester and NYACT) submitted FCRs late including one case that exceeded a year;
 - ! two grantees (Buffalo, Westchester) completed FCRs monthly instead of quarterly; and
 - ! one grantee (NYACT) combined three quarters into one FCR.

Further, contrary to contract terms, the Division's Finance Office does not require the grantees to attach complete documentation to support expenditures. For example, grantees do not attach copies of payroll records for personal service costs incurred or copies of invoices documenting equipment purchases.

Although the Division has a system in place to record and track the receipt of FCRs, the Division does not verify that all quarterly FCRs are submitted and received timely. Division officials were uncertain about who is responsible for tracking them and following up on late submissions. In fact, employees in the Division's Finance Office who are responsible for processing grantee payments, were not aware of the Program's reporting schedule. They also stated that they have not required grantees to submit documentation to support their expenditures. Division officials said that their policy has been to review grantee expenditures through a post audit, conducted by the Division's Internal Audit unit when contracts end and full payment has been made to the grantee. However, we note that the Division's post audit of contracts is performed by selecting a sample of all completed grants administered by the Division, not just those pertaining to this Program. Therefore, there is less assurance that any of the Program grants will be audited. (In response to our draft report, the Division indicated that, in the future, grantees will be required to submit supporting documentation in accordance with contract terms. In addition, such documentation must be submitted before the voucher reimbursement is granted. Furthermore, the Division has also developed and implemented an FCR tracking system that will prevent vouchers from being processed if the contractor is not in compliance with filing requirements.)

Grantee Monitoring

The Program's grantee monitoring procedures, as described in the 1999 RFP, state that the Division, on behalf of the Board, must periodically monitor grantee compliance with contract requirements. Examples of suggested monitoring activities include site visits to project locations, inspections of grantee records, written and telephone correspondence,

and/or any other methods the Division deems necessary to evaluate the grantee's Program-related activities. Generally, we found little documentation of ongoing Division monitoring. In addition, the Division does not verify the accuracy of the information reported by grantees.

Division officials developed grant monitoring standards for their staff to follow after a contract has been executed. These standards include Division staff making an initial contact (by visit or telephone) with the grantee for a new project within 60 days of contract execution. The Division should also contact (by visit or telephone) grantees of continuing projects annually. In addition, all grantees are required to submit quarterly Progress Reports that summarize project activities.

The Division uses an Initial Administrative Review Worksheet (Worksheet) to document the initial contact with the grantee. The Worksheet is a basic checklist of the items to be discussed and verified with the grantee. Our review of the monitoring files for the 19 grantees from 1997 and 1998 found that the Division had not completed many of the Worksheets as required, as follows:

- ! four were completed after the 60-day requirement;
- ! three were actually completed prior to contract execution;
- ! six were overdue at the time of our review; and
- ! five were completed within 60 days of contract execution.

Once the contract is executed, the grantees must then submit Project Progress Reports within 45 days of the last day of each calendar quarter (e.g., the Progress Report for January-March is due May 15). The Progress Reports themselves are not required to be signed and dated by the grantees, as are the FCRs, but the Division does date stamp the Progress Reports it receives. In August 1999, more than two years after the Program began, the Division started using a report to track the timeliness of Progress Report submissions, beginning with information due from 1997 grant recipients. The Division had not yet compiled Progress Report data for 1998 grantee submissions at the time of our audit. We were unable to verify the timeliness of Progress Report submissions because the Division did not provide the original documents it received, and we could not decipher the date information on the photocopies.

Insufficient monitoring creates the risk that grantees are performing activities outside the contract's work plan and/or the Program's goals and

objectives. While the Legislature made Division staff responsible for Program administration, funds to support administrative tasks were not included in the annual Program appropriation until 1999. As a result, to date, the Division has devoted limited resources to the project monitoring function. Specifically, one Division staff person has been responsible for monitoring Program-funded projects, in addition to administering 80 other grants, and implementing the Federal “Watch Your Car” program in New York State. In 1999, the Legislature included administrative funding equal to 3 percent of the \$3.5 million (\$105,000) appropriated for the Program. We believe the Division should use these new funds to improve its monitoring of grantees. (Responding to our draft report, the Division outlined remedial steps it has taken with regard to the timely filing of Quarterly Progress Reports. These steps include the timely identification of late filers; follow-up communications to contractors; and possible stop-payment action. The response also indicated contractors will be expected to comply with the existing monitoring procedures now that administrative funding is budgeted to support Program staff.)

Recommendations

To the Division:

5. Develop formal, written guidelines to help ensure a consistent and equitable method for the awarding of Program grants and determining individual grant amounts.
6. Require grantees to provide supporting documentation for reported expenditures and review such documentation prior to reimbursing grantees.
7. Enforce the timely submission of the required Fiscal Cost Reports and Progress Reports
8. Develop formal comprehensive guidelines and procedures for monitoring grantees, and require Division staff to document their compliance with these guidelines.

Review of Grant Expenditures

We visited eight grantees. As follows, awards made to these grantees totaled \$1,942,981, approximately 69 percent of the \$2,822,740 in total contract awards made to all 19 grantees in 1997 and 1998. At the time of our sample selection, awards for 1999 had not been made.

Grantee	Implementing Agency	Region	Total Contract Awards
New York City/Queens County	New York Police Dept. (PD)/Queens District Attorney (DA)	New York City	\$557,150
Westchester County	Westchester County DA	New York City area	\$336,830
Bronx County	Bronx DA	New York City	\$249,045
City of Rochester	Rochester City Police Department (PD)	Western New York State	\$235,100
City of Buffalo	Buffalo City PD	Western New York State	\$200,000
Rensselaer County	Rensselaer County DA	Capital District	\$150,000
New York Anti-Car Theft Association [NYACT]	NYACT	Statewide	\$118,500
Nassau County	Nassau County PD	Long Island	\$96,356
	Total of 8 Selected		\$1,942,981

According to the FCRs submitted to the Division through September 15, 1999, these grantees expended, and submitted for reimbursement, a total of \$542,378, representing 78 percent of the total Program expenditures of \$694,309. We reviewed supporting documentation for the expenditures reported by each of these grantees.

The Program contract states that grant funds may be expended only for purposes and activities set forth in the contract. We found that, in general, grant funds were spent on Program-related activities as outlined in each grantee's contract. However, we also found one grantee, the Bronx DA, that appears to be using grant funds inappropriately, and in calendar year 1998, received a grant for \$249,045. The Bronx DA requested funds to add a nighttime component to its "Anti-Auto Theft project." We found that, although expenditures were made for activities related to reducing the incidence of motor vehicle theft or insurance fraud, they constituted the salary costs of daytime personnel. The grantee was already receiving another grant from the Division, independent of the Program, covering the project's daytime salary costs. As a result, contrary to the RFP, the Bronx DA was supplementing its daytime effort with Program monies, rather than developing a nighttime program.

We reviewed the attendance and time sheets for two Assistant District Attorneys, two Detective Investigators, and one Senior Detective Investigator charged to the grant for the period January 1 through June 30, 1999, and found that all five of these employees worked the daytime shift. While the grant covered these employees' normal base salaries, the Bronx DA is covering the payments for any other work (overtime/nighttime hours) performed by these employees. For the six-month period reviewed, we calculated that Program-related nighttime work accounted for approximately 14 percent of the noted employees' collective work time. In addition, the grantee's equipment inventory log indicated that the nighttime surveillance equipment purchased through the grant has been used only once since it was purchased in June 1999. The lack of nighttime work hours and minimal use of the special equipment leads us to conclude that the grantee has not made significant progress in implementing a nighttime Program component - the purpose stated in the grant request. Bronx DA officials indicated that they did not recall a visit by a Division representative to review the activities of their funded project. Had Division officials visited this site and reviewed the applicable time sheets and procurement records, they should have found that the Bronx DA has not been using Program monies in compliance with contract terms.

Another grantee, the Rensselaer County District Attorney (Rensselaer DA), received a grant for \$150,000 in 1998. Through a review of time sheets, we found that a Deputy Sheriff whose regular work time is charged to the grant also had numerous overtime assignments that were unrelated to the funded project. Upon inquiry, this Deputy Sheriff, admitted that sometimes he is asked to perform assignments outside the area of motor vehicle theft. Since this employee may have to follow up on overtime issues, or may be assigned to non-Program tasks during his regular work day, the grantee appears, at times, to be expending Program funds for non-Program activities. A Division official did visit this grantee but, there is no evidence that he/she reviewed pertinent documentation, such as employee time sheets or job descriptions, to assess the propriety of funded project activities and related costs. (In response to our draft report, the Division identified the steps taken to resolve the issues noted above, including contract amendments, award modifications, and revised fiscal cost reports and vouchers.)

We also found that the Rensselaer DA does not properly account for its Program funds. According to the Program contract, "all necessary steps must be taken to ensure that grant-related transactions are not commingled with other grantee activities. This includes, but is not limited to, the establishment of unique budget codes, a separate cost center, or a separate chart of accounts." However, the Rensselaer DA does not track grant expenditures and revenues with a unique budget code, a separate cost

center, or a separate chart of accounts. In fact, this grantee does not separately account for Program funds. Division officials informed us that they had told the Rensselaer DA about the requirement to separately account for Program funds, but that the grantee had made no effort to do so. Moreover, this grantee has not submitted an FCR to date, and has indicated that it will not submit a FCR until calendar year end (seven months after the grantee began incurring expenditures for the grant) when it reconciles grant-related expenditures. This grantee's commingling of funds and its lack of accountability to the Division for the first seven months of the project provides the opportunity for inappropriate uses of Program funds. (The response to our draft report states that the Rensselaer County DA's office has assigned specific budget revenue and expenditure codes to Program grant monies. It also indicates that this issue will be emphasized to new grantees during the initial administrative site visit.)

Recommendations

To the Division:

9. Reimburse grantees for only those activities that are Program-related. Investigate the conditions noted at the Bronx County and Rensselaer County District Attorneys' Offices; recoup or offset amounts against future grants, as necessary, to recover grantee expenditures for non-Program activities.
10. Ensure that all grantees comply with contract terms, including establishing separate codes to account for Program-related revenues and expenditures

Collecting Fee Monies and Accounting for State Police Account Expenditures

In a prior audit of the administration of the Fee (*Report 97-S-8, issued February 3, 1998*), we examined the progress the Division had made in developing the Program, the reliability of the Department's collection processes and the appropriateness of State Police expenditures from the State Police Account. Our prior audit found that a Program was not in place, and recommended that the recently appointed Board develop a plan, and pursue the Program mandated by the Law. That audit also contained findings and recommendations related to the Department's collection of the Fee, and the State Police's accountability for its use of Fee monies. Subsequent follow-up reviews showed the Department had made progress in implementing our recommendations. We address these Department and State Police functions in administering the Fee in our current audit in order to present comprehensive information about the collection and use of Fee monies to detect, prosecute and reduce automobile theft in the State.

State Insurance Department

The Department receives monthly Fee collections from insurance companies and records and deposits these funds for eventual transfer to OSC. Each insurance company sends the Department, along with these remittances, a monthly report showing the amount of Fees it collected during that period by motor vehicle type. Each company also submits an annual financial report that includes the number and types of motor vehicles it insured in the preceding year.

Our prior audit found that Department staff did not compile the total dollars listed on the companies' monthly reports for comparison to the summary data of insured vehicles that the same companies provide on their annual reports. To help ensure that it was receiving all Fee revenues due, we recommended that the Department reconcile the data in insurers' monthly reports with corresponding data in their annual reports, identify and follow up on inconsistencies, and ensure collected amounts are accurately recorded. We also recommended that the Department pursue a means of doing periodic independent verification of the appropriateness of the Fees remitted by insurance companies. The Department agreed with our recommendations.

In our follow up to the prior audit (*Report 99-F-15, issued July 16, 1999*), we found the Department had performed reconciliations for calendar years up to and including 1997, but had not begun to address discrepancies

identified through those reconciliations. In addition, the Department still had not developed any way to independently verify the appropriateness of the Fees remitted by insurance companies. In response to the prior audit, Department officials indicated they would try to obtain a report from the Department of Motor Vehicles that could be used for this purpose. At the time of our follow-up review, however, there was no evidence that they had done so.

During our current audit, we found that the Department has made additional progress in implementing our recommendations. Specifically, while the Department has not completed a reconciliation for calendar year 1998, it has begun to pursue the discrepancies identified through the 1996 and 1997 reconciliations. The Department mailed letters to relevant companies on June 24, 1999 and June 28, 1999 asking them to justify and resolve any differences. The Department provided copies of its correspondence and the checks received from insurance companies to settle such differences. The Department has still made no progress in obtaining independent verification of the appropriateness of Fee revenues submitted by insurance companies. (Department officials' reply to our draft report reiterated their reconciliation process and agreed that independent verification would be an additional positive check, as resources permit. They plan to explore this issue with the Department of Motor Vehicles)

Division of State Police

Since the Fee was established, more than \$64.4 million (89 percent of the total Fees collected) has been allocated to the State Police Account. As of August 31, 1999, the State Police have expended approximately \$60.7 million of this allocation. The Law states that State Police Account monies are designated for supporting operating expenses of the State Police, including, but not limited to, the costs of detecting, prosecuting and reducing auto theft.

In our prior audit, we found that the State Police had used Fee revenues to offset previous budget reductions in appropriations for operating expenses rather than to support new initiatives. Moreover, the State Police had used Fee revenue for activities that were not directly related to automobile theft. We recommended that the State Police develop an action plan for the allocation of Fee monies and ensure that State Police record keeping systems accurately report how much of these monies are expended for activities relating to the detection, prosecution, or reduction of automobile theft. We also recommended that the State Police submit timely annual reports to the Governor and Legislature detailing State Police auto theft prevention efforts.

In our follow-up review, we found the State Police had not carried out any steps to separately account for the expenditure of State Police Account monies. State Police officials reiterated their contention that the governing legislation stipulates that Fee monies are available for the operational expenses of the State Police, including, but not limited to, the costs of activities relating to the detection, prosecution or reduction of automobile theft and related purposes. Therefore, without specific direction from the legislature, and the funding necessary to enhance their financial reporting capabilities, they did not intend to develop a cost accounting system to track the specific amounts expended on these activities. The State Police also assert that they are no longer required to prepare an annual report on auto theft prevention efforts, according to a legislative amendment enacted subsequent to our audit.

During our current audit, State Police officials continued to maintain they do not have to account for the use of Fee monies, because the governing legislation still does not require them to develop an accounting system to track the specific amounts expended on automobile theft and related activities. As a result, the extent to which Fee monies are being expended for activities relating to the detection, prosecution and reduction of automobile theft and insurance fraud cannot be determined. (The State Police's reply to our draft report maintains the position that monies from the State Police Motor Vehicle Enforcement Account are made available as an offset account for the operating expenses of the Division of State Police. As such, these monies are spent in the manner and for the purposes provided for under current legislation. The response included a summary of the State Police's Motor Vehicle Enforcement Account activities for calendar years 1997, 1998 and 1999. The report describes several activities that the State Police have engaged in to reduce car thefts in New York State. It also assesses the value of the potential reduction in car insurance premiums that could be realized if the savings from the reduced insurance claims are passed on to policy holders. However, we believe that the State Police, as the recipient of \$64.4 million (88.7 percent) of the \$72.6 million collected in Fees, needs to improve its reporting of activities and related costs. This will provide information that can be used to assess which activities are most effective.)

Recommendations

To the Department:

11. Continue to perform periodic reconciliations of the data included on insurers' monthly reports with that submitted in corresponding annual reports. Continue to identify inconsistencies and ensure that the appropriate revenue collections are recorded.
12. Develop and implement procedures for periodic independent verification of the appropriateness of the fees remitted by insurance companies.

To the State Police:

13. Develop an action plan for the allocation of Fee monies and ensure that State Police record keeping systems accurately report how much of these monies are expended for activities relating to the detection, prosecution or reduction of automobile theft

Motor Vehicle Thefts by County (1993-1997)

County	1993	1994	1995	1996	1997	5 Year Difference	Percent Difference
ALBANY	673	808	885	712	629	-44	-7%
ALLEGANY	15	28	23	20	20	5	33%
BRONX	15,656	14,607	11,093	9,777	8,187	-7469	-48%
BROOME	80	128	92	207	177	97	121%
CATTARAUGUS	58	52	91	63	82	24	41%
CAYUGA	22	40	42	41	37	15	68%
CHAUTAUQUA	119	153	169	168	159	40	34%
CHEMUNG	74	61	59	52	54	-20	-27%
CHENANGO	23	31	31	28	23	0	0%
CLINTON	43	31	28	32	26	-17	-40%
COLUMBIA	54	51	50	46	40	-14	-26%
CORTLAND	50	54	47	86	69	19	38%
DELAWARE	28	29	35	19	29	1	4%
DUTCHESS	342	277	321	335	265	-77	-23%
ERIE	7,675	6,319	5,810	6,022	5,315	-2360	-31%
ESSEX	19	18	16	19	11	-8	-42%
FRANKLIN	17	32	28	27	21	4	24%
FULTON	72	95	82	68	78	6	8%
GENESEE	65	47	46	42	43	-22	-34%
GREENE	30	29	29	37	30	0	0%
HAMILTON	4	8	10	5	2	-2	-50%
HERKIMER	30	55	44	39	45	15	50%
JEFFERSON	40	51	46	64	57	17	43%
KINGS	33,015	27,830	21,632	16,825	14,624	-18391	-56%
LEWIS	12	8	10	8	8	-4	-33%
LIVINGSTON	44	36	21	51	48	4	9%
MADISON	38	39	34	24	23	-15	-39%
MONROE	4,109	3,050	3,103	3,737	3,687	-422	-10%
MONTGOMERY	36	34	51	45	31	-5	-14%
NASSAU	7,904	6,436	5,374	4,951	4,826	-3078	-39%
NEW YORK	15,684	13,003	10,027	8,638	6,778	-8906	-57%
NIAGARA	832	738	760	728	635	-197	-24%
ONEIDA	395	270	378	366	331	-64	-16%
ONONDAGA	830	1,119	1,077	1,079	1,004	174	21%
ONTARIO	49	48	56	85	71	22	45%
ORANGE	382	388	623	483	403	21	5%
ORLEANS	33	28	19	21	35	2	6%
OSWEGO	112	80	102	94	116	4	4%
OTSEGO	17	24	11	29	33	16	94%
PUTNAM	73	50	61	89	76	3	4%
QUEENS	43,144	35,461	26,568	22,384	20,069	-23075	-53%
RENSSELAER	227	270	261	291	220	-7	-3%
RICHMOND	4,965	4,519	3,366	2,757	2,254	-2711	-55%
ROCKLAND	383	380	471	378	338	-45	-12%
SARATOGA	104	105	126	114	107	3	3%
SCHENECTADY	331	295	278	254	290	-41	-12%
SCHOHARIE	15	10	13	8	14	-1	-7%
SCHUYLER	24	20	21	13	13	-11	-46%
SENECA	17	21	21	23	18	1	6%
ST. LAWRENCE	93	76	87	80	113	20	22%
STEUBEN	74	57	68	33	76	2	3%
SUFFOLK	8,226	5,857	4,227	3,823	3,438	-4788	-58%
SULLIVAN	105	108	83	100	79	-26	-25%
TIOGA	36	24	26	14	27	-9	-25%
TOMPKINS	85	98	120	85	52	-33	-39%
ULSTER	209	207	164	187	201	-8	-4%
WARREN	50	64	44	43	39	-11	-22%
WASHINGTON	41	42	35	11	23	-18	-44%
WAYNE	78	84	78	61	77	-1	-1%
WESTCHESTER	4,809	4,750	4,074	3,915	4,130	-679	-14%
WYOMING	46	30	33	35	29	-17	-37%
YATES	19	12	10	10	5	-14	-74%
NEW YORK STATE	151,835	128,675	102,590	89,781	79,740	-72095	-47%
NEW YORK CITY	112,464	95,420	72,686	60,381	51,912	-60552	-54%

Note: Division statistics for years 1990 through 1992 show declines in auto thefts in the aggregate, and not county by county. (1990--187,591, 1991--181,324, 1992--168,270)

Grant Recipients and Award Amounts (1997-1999)

County	Grantee Name	Implementing Agency	SFY '97 Award	SFY '98 Award	SFY '99 Award	Total
Queens	NYC/Queens County *	NYPD/Queens DA	\$400,000	\$157,150	\$550,000	\$1,107,150
Westchester	Westchester County *	District Attorney	\$194,000	\$142,830	\$300,000	\$636,830
Bronx	Bronx County *	District Attorney	\$0	\$249,045	\$275,000	\$524,045
New York	New York County	District Attorney	\$0	\$207,000	\$275,000	\$482,000
NYC	New York City	Police Department	\$0	\$0	\$425,000	\$425,000
Erie	City of Buffalo *	Police Department	\$150,000	\$50,000	\$80,000	\$280,000
Westchester	City of Yonkers	Police Department	\$0	\$134,381	\$144,000	\$278,381
Monroe	City of Rochester *	Police Department	\$190,000	\$45,100	\$0	\$235,100
Westchester	City of New Rochelle	Police Department	\$0	\$117,422	\$100,000	\$217,422
Statewide	NY Anti-Car Theft Association *	NY Anti-Car Theft Assoc.	\$70,000	\$48,500	\$98,000	\$216,500
Nassau	Nassau County *	Police Department	\$0	\$96,356	\$102,000	\$198,356
Suffolk	Suffolk County	District Attorney	\$99,968	\$0	\$72,000	\$171,968
Richmond	Richmond County	District Attorney	\$0	\$54,888	\$96,000	\$150,888
Rensselaer	Rensselaer County *	District Attorney	\$0	\$150,000	\$0	\$150,000
Kings	Kings County	District Attorney	\$0	\$0	\$140,000	\$140,000
Niagara	Niagara County	Sheriff	\$0	\$92,100	\$43,000	\$135,100
Statewide	NY Prosecutor's Training	NY Prosecutor's	\$0	\$54,000	\$72,800	\$126,800
Onondaga	City of Syracuse	Police Department	\$58,000	\$0	\$60,000	\$118,000
NYC	New York City	Sheriff	\$0	\$0	\$100,000	\$100,000
Sullivan	Sullivan County	District Attorney	\$0	\$0	\$80,000	\$80,000
Nassau	Nassau County	Police Department	\$0	\$0	\$68,000	\$68,000
Nassau	Village of Rockville Center	Police Department	\$0	\$0	\$65,000	\$65,000
Saratoga	Saratoga County	District Attorney	\$0	\$0	\$62,000	\$62,000
Erie	Town of Amherst	Police Department	\$20,000	\$0	\$40,000	\$60,000
Broome	Broome County	Sheriff	\$18,000	\$9,600	\$28,000	\$55,600
Rockland	Town of Clarkstown	Police Department	\$0	\$0	\$50,000	\$50,000
Niagara	City of Niagara Falls	Police Department	\$0	\$0	\$50,000	\$50,000
Rockland	Village of Spring Valley	Police Department	\$0	\$0	\$37,500	\$37,500
Erie	Town of Cheetowaga	Police Department	\$0	\$0	\$34,000	\$34,000
Onondaga	Onondaga County	Sheriff	\$0	\$0	\$30,000	\$30,000
Erie	Village of East Aurora	Police Department	\$0	\$14,400	\$14,000	\$28,400
Oneida	City of Rome	Police Department	\$0	\$0	\$10,000	\$10,000
Total			\$1,199,968	\$1,622,772	\$3,501,300	\$6,324,040
Total Grants			9	16	30	

* Grantees Visited

** Grant recipients in 1997 and/or 1998 included in our audit scope are in **boldface** type.

Motor Vehicle Thefts per 100,000 Population by County (1997)

Rate/Pop Rank	County	1997 Thefts	1997 Population	1997 Rate/ 100,000 Pop.
1	QUEENS	20,069	1,954,567	1,027
2	BRONX	8,187	1,200,558	682
3	KINGS	14,624	2,298,630	636
4	RICHMOND	2,254	380,665	592
5	ERIE	5,315	965,877	550
6	MONROE	3,687	725,650	508
7	WESTCHESTER	4,130	887,311	465
8	NEW YORK	6,778	1,486,057	456
9	NASSAU	4,826	1,298,842	372
10	NIAGARA	635	221,217	287
11	SUFFOLK	3,438	1,345,293	256
12	ALBANY	629	290,760	216
13	ONONDAGA	1,004	472,474	212
14	SCHENECTADY	290	149,311	194
15	FULTON	78	54,330	144
16	RENSSELAER	220	156,057	141
17	CORTLAND	69	49,278	140
18	ONEIDA	331	249,079	133
19	ORANGE	403	319,898	126
20	ROCKLAND	338	274,363	123
21	ULSTER	201	168,558	119
22	SULLIVAN	79	70,502	112
23	CHAUTAUQUA	159	141,908	112
24	DUTCHESS	265	260,996	102
25	ST. LAWRENCE	113	115,274	98
26	CATTARAUGUS	82	85,411	96
27	OSWEGO	116	125,553	92
28	PUTNAM	76	89,052	85
29	BROOME	177	208,158	85
30	WAYNE	77	92,812	83
31	ORLEANS	35	45,530	77
32	STEBEN	76	100,424	76
33	LIVINGSTON	48	64,846	74
34	ONTARIO	71	98,592	72
35	GENESEE	43	61,177	70
36	SCHUYLER	13	18,977	69
37	HERKIMER	45	66,686	67
38	WYOMING	29	43,969	66
39	WARREN	39	61,224	64
40	GREENE	30	47,236	64
41	COLUMBIA	40	63,282	63
42	DELAWARE	29	47,642	61
43	MONTGOMERY	31	51,998	60
44	CHEMUNG	54	94,352	57
45	SARATOGA	107	192,531	56
46	SENECA	18	32,573	55
47	TOMPKINS	52	96,127	54
48	OTSEGO	33	61,474	54
49	TIOGA	27	53,325	51
50	JEFFERSON	57	114,672	50
51	CAYUGA	37	82,961	45
52	CHENANGO	23	52,239	44
53	FRANKLIN	21	49,028	43
54	SCHOHARIE	14	32,973	42
55	ALLEGANY	20	51,151	39
56	HAMILTON	2	5,227	38
57	WASHINGTON	23	60,670	38
58	MADISON	23	71,575	32
59	CLINTON	26	86,819	30
60	ESSEX	11	37,875	29
61	LEWIS	8	27,558	29
62	YATES	5	23,866	21
	NEW YORK STATE	79,740	18,137,020	440
	NEW YORK CITY	51,912	7,320,477	709

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May 8, 2000

Ms. Carmen Maldonado
Audit Director
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270 Broadway - 19th floor
New York, New York 10007

Dear Ms. Maldonado:

I am writing in response to the draft audit report (99-S-32) that you sent me on March 30, 2000, concerning administration of the Motor Vehicle Law Enforcement Fees and implementation of the State Motor Vehicle Theft and Insurance Fraud Prevention (MVTIF) Program. As Chair of the State MVTIF Prevention Board and Commissioner of DCJS, I appreciate the significant amount of time and effort your staff devoted in conducting this audit.

The MVTIF Prevention Board has, over the two and one-half years of its existence, set in motion a program that will pay significant dividends to the residents of New York State, in terms of further reducing the incidence of automobile theft and insurance fraud. While it is too early in its existence to draw any conclusions as to the long term impact of the MVTIF Program, the results that are being reported by the grant funded prevention, interdiction and prosecutorial projects throughout the State are impressive. I am confident that the investment by the State's citizenry of \$1 per automobile insurance policy to support the program will prove to be a wise one.

As you point out in your Report, the lack of dedicated funding for support of the Board and the associated DCJS operational and administrative responsibilities during the first two years of the program inhibited program efforts. However, now that such funding has been made available, I am confident that the program will make accelerated progress in meeting its legislative mandate. It is in this regard, that I offer the following comments regarding the findings and recommendations included in the Audit Report.

An Equal Opportunity/Affirmative Action Employer

Recommendation #1:

Develop and implement the Board's mandated plan of operation to help ensure the efficient, effective and coordinated use of the Program funds.

Response:

We are well along in developing the State Plan to further reduce the incidence of motor vehicle theft and insurance fraud in the State. We fully expect a Plan will be issued by the Board before the MVTIF Program sunsets under State Law. We have solicited the cooperation of several prominent State, Federal and local criminal justice agencies in the State, to assign knowledgeable staff to an interagency workgroup formed to develop recommended features of the plan for consideration by the Board. The sixteen member workgroup, which is made up of experts from all regions of the State, has met five times to date. We acknowledge your recognition and stated support for this approach to developing the State Plan (p.6).

We respectfully disagree with the auditors assessment that the lack of a State Plan possibly limited the effective use of the grant funding awarded to date by the Board. Members made a strategic decision early in the Board's existence, to delay drafting the State Plan until they had gained insights into the nature and extent of such crime throughout the State. Absent funding to support an in-depth study of the issues, the Board used the available grant funding to support demonstration programs that not only would address specific motor vehicle theft and fraud problems identified by individual law enforcement agencies, but would allow us to gain up-to-date operational knowledge and further build expertise at the local level. We are now benefitting from that expertise through membership on the workgroup.

Recommendation # 2:

Promote improved attendance at Board Meetings.

Response:

Legislation has been introduced in each of the last two years to authorize the appointed Board members to designate a proxy who could vote on their behalf at a meeting they could not attend personally. We are confident that the Legislature will see fit to pass the legislation this year.

The problem of attendance by non-compensated members of such boards is not unique to the MVTIF Board. Given the prominent members of the MVTIF Board and the many demands on their time, it is a testament to their commitment to the issue that the Board had only two occasions in two years that a quorum was not present. In each case, important business was conducted that did not require an official vote of the Board.

Recommendation #3:

Where possible, expedite the contract approval and execution process. Ensure projects commence upon contract execution.

Response:

Significant progress has been made in expediting the execution of grant project contracts. For example, in the six months since the SFY 1999/2000 awards were announced grant contracts have been executed for 15 of the 30 (50%) project awards. In comparison, none of the grant contracts associated with the nine SFY 1997/98 awards were executed within six months of the awards.

Now that the MVTIF Program is somewhat mature and generally considered by local governments as a reliable source of funding support for long term criminal investigations, we can expect less delays in the startup of grant projects at the local level. Also, the State Legislature included language in last year's budget to allow DCJS to use a small portion (3%) of the appropriated MVTIF Program revenue to support associated operational and administrative costs. Over the first two years of the Program, no funding was made available to support the Board or DCJS operational and administrative costs. The provision of dedicated resources to the Program will result in improved performance. However, we characterize the 3% administrative figure as austere and a more realistic figure to fully support the program objectives would range from 7% (Maryland) to 10% (Ohio).

Recommendation #4:

Develop reporting systems that capture data needed to measure the impact of individual projects, and the Program as a whole, in reducing motor vehicle theft and insurance fraud.

Response:

From the very beginning, the Board and the Division have recognized the need to develop methods that capture the best information available about the activities and impact of the projects funded under the Program. We have "process measures" that address the question: what was put in place or done to implement the program? Sufficient "process" information exists for the auditors to conclude that "in general, grant funds were spent on program-related activities as outlined in each grantee's contract" (p.15). The establishment of "program related activities" is the foundation of any evaluation.

We also have in place "output" measures which gauge the results of program implementation - asking, are the projects producing the desired items (arrests, indictments, recoveries, etc.). The Audit Report clearly states that virtually all grantees have in fact implemented such measures - "In all but one case, the project officials interviewed explained that they are currently tracking motor vehicle theft and insurance fraud related activity" (p.8). Currently, each grant award recipient is being required to report standard and consistent data as to the results achieved under their projects. This will allow for a compilation of data for similar projects reflecting program results.

With “process” and “output” measures now in place, some of the key elements for assessing program “outcomes” and “impact” exist. The auditors correctly point out that most projects can not measure “outcomes” at this point, namely the achievement of objectives relative to baseline data. While we agree that it would be best to require grant projects to collect and report data that allows a comparison of the incidence or rates of auto theft and insurance fraud before and after the grant, it is unrealistic to expect that most police departments have access to such historical data at this stage. This is something that will require time and resources to develop. Our future expectations were emphatically articulated in November, 1999, when DCJS stated to refunded grantees, “...be aware that prior to the next funding cycle, grantees will be expected to produce substantiated information, statistical and programmatic, on the effectiveness of the initiatives implemented by the grant program in the areas of auto theft and insurance fraud. This information will have a strong bearing on the refunding of your program in the next funding cycle.”

“Impact” refers to the relationship between the accomplishment of objectives and the achievement of the project and program goal(s). To speak of impact at this stage of development is unrealistic. The Audit Report makes reference to the short period of time that these grants have been in effect: “we found that most of these grant projects are still in their beginning stages” (p.6) or “most program demonstration projects are still fairly new” (p.7). The time frame for an “impact” analysis is a long one. According to the National Crime Prevention Council (1998), “in many cases, prevention projects take more than a few months to show impacts, especially impacts on such complex measures as crime rates (which are subject to many external forces). It may be that no impact is measurable for five years or more.”

Recommendation # 5:

Develop formal, written guidelines to help ensure a consistent and equitable method for the awarding of Program grants and determining individual grant amounts.

Response:

The grant awards made by the Board over the last three years were decided based upon many factors, including those specified in the Program’s enabling legislation and carried forward in the Request for Proposal (RFP). Such factors included available data regarding the extent of automobile theft and insurance fraud in each community of the State that applied for grant funding. The fact that the amount of funding applied for each year far exceeded the available grant funding, forced the Board not to recommend funding for many otherwise good proposals and to limit the amount of grant funding recommended for award to other projects.

For example, among the factors taken into consideration by the Board in 1997/98 was the fact that the application submitted by the Bronx District Attorney’s Office called for grant funding to enhance an already existing State funded automobile theft interdiction program in the County. The Board decided to use the limited amount of available grant funding to begin programs in areas of the State not already supported. When funding for the program expanded in subsequent years, high theft jurisdictions such as the Bronx and Kings were added.

There is a structure to the grant award process that is currently in place. It includes among other things: the use of a standard initial application screening and review form; the establishment of staff review strategies and a multi-step RFP review process (all of which were provided to the auditors). However, the Audit Report has revealed areas that would benefit from further formalization and codification. DCJS is reviewing the process with the intent of enacting improvements to address the concerns expressed in this recommendation.

Recommendation # 6:

Require grantees to provide supporting documentation for reported expenditures and review such documentation prior to reimbursing grantees.

Response:

This recommendation will be implemented, and grantees will be required to submit documentation in accordance with contract terms. All such documentation will be reviewed prior to reimbursement.

Recommendation # 7:

Enforce the timely submission of the required Fiscal Cost Reports and Progress Reports.

Response:

The following remedial steps have been taken with regard to the Quarterly Progress Reports. On December 1, 1999, MVTIF Prevention Unit initiated a procedure for following up with the grantees that do not submit their Quarterly Progress Reports as required by 45 days after the quarter. The following procedure was implemented:

1. The MVTIF Prevention grantees that have not submitted their QPR's within 45 days are identified through a report using the Division Local Assistance Management Information System (LAMIS).
2. Correspondence from DCJS is sent to each grantee identified as having delinquent reports for a specific quarter.
3. If the grantee does not submit the required report within 30 days after the correspondence, DCJS then updates a "Stop Payment" flag to the LAMIS record associated with the grant contract and provides the DCJS Finance Office with notification that the contract is not in compliance.
4. The MVTIF Prevention Unit then conducts a telephone call to the grantee to discuss their lack of compliance and if necessary, the grantee will receive a supplemental monitoring visit in an effort to resolve any outstanding issues. The outcome of the visit will determine any subsequent action.

With regard to Fiscal Cost Reports, new procedures are being developed between the DCJS Finance Office and the Office of Funding and Program Assistance to help insure timely exchange of information, both manually and through the Financial Information System on the status of Fiscal Cost Reports. Currently, vouchers are not processed by the Finance Office unless the required Fiscal Cost Reports have been received. Additionally, failure to submit FCR's in a timely manner could result in a stop payment. It needs to be recognized that local fiscal practices vary considerably among the State's localities and these accepted standard operating procedures can represent significant impediments to contractual reporting dates.

Recommendation # 8:

Develop formal comprehensive guidelines and procedures for monitoring grantees, and require Division staff to document their compliance with these guidelines.

Response:

The issue identified in the report was not one of developing formal guidelines, but essentially the inability of DCJS, in this instance, to completely implement its own standards and practices for monitoring and program administration. The report has identified some of the critical elements of our procedures: rigorous contractual obligations, Initial Administrative Review Work Sheets, Quarterly Progress Reports, a monitoring site visit schedule, etc.

Now that funding has been budgeted for DCJS to support staff dedicated to Program, we anticipate compliance with existing formal guidelines and procedures that govern monitoring of Federal and State grant programs administered by DCJS.

Recommendation # 9:

Reimburse grantees for only those activities that are Program-related. Investigate the conditions noted at the Bronx County and Rensselaer County District Attorney Offices; recoup or offset amounts against future grants, as necessary, to recover grantee expenditures for non-Program activities.

Response:

This recommendation has been addressed in the respective counties as outlined below:

Bronx County District Attorney's Office MVTIF Prevention Program - The Division has met with the Bronx DA to investigate and resolve issues related to their first year MVTIF contract activities. These issues have been resolved and a contract amendment is in process to correspond with our findings and the issues related to the OSC preliminary findings. In addition, their second year award has been modified to accurately reflect their enhanced efforts in the areas of Motor Vehicle Theft and Insurance Fraud Prevention in Bronx County.

Rensselaer County District Attorney's Office MVTIF Prevention Program - The Division has met with the Rensselaer DA to discuss their investigator staffing and reimbursement for the Rensselaer County Sheriff Deputy. They will be submitting revised fiscal cost reports and vouchers to rectify the grant expenditures. In addition, because they cannot retain sheriff personnel, they have modified their contract to hire another district attorney investigator (a retired NYS trooper) to enhance MVTIF prevention efforts in the county.

Additionally, we have been advised by the locality that effective January 1, 2000, corrective action will be taken to assign both specific budget revenue and expenditure codes to MVTIFP grant funds to ensure compliance. This issue will be emphasized to new grantees during the initial administrative site visit.

Recommendation # 10:

Ensure that all grantees comply with contract terms, including establishing separate codes to account for Program-related revenues and expenditures.

Response:

Enhanced grantee accountability will result from the actions cited above in response to earlier recommendations - the availability of dedicated administrative funds, improved internal procedures, and increased grantee technical assistance will help ensure an effective and efficient program.

Again, I appreciate the time and attention that your staff devoted to this audit and I am sure the Program will benefit as a result.

Sincerely,



Katherine N. Lapp

**New York State Insurance Department
Response to
Audit Report (99-S-32)
Administration of the Motor Vehicle Law Enforcement Fee**

The Insurance Department welcomes the opportunity to comment on the findings and recommendations in the above cited report.

Recommendation 11: Continue to perform periodic reconciliations of the data included on insurers' monthly reports with that submitted in corresponding annual reports. Continue to identify inconsistencies and ensure that appropriate revenue collections are recorded.

The New York State Insurance Department ("NYSID") routinely performs a reconciliation between the Motor Vehicle Law Enforcement Fee funds collected by the insurers and remitted to the State and the annual New York supplement, that discloses the number of vehicles registered. Discrepancies noted are communicated to the insurance companies for resolution. This process has been satisfactory. It should be noted that none of the discrepancies revealed any material differences and that these differences are few in number.

Recommendation 12: Develop and implement procedures for periodic independent verification of the appropriateness of the fees remitted by insurance companies.

The NYSID agrees that independent verification would be an additional positive check, as resources permit. This will be explored with the Department of Motor Vehicles.

The Insurance Department will continue to process and forward funds received and reconcile data in an effective and cost efficient manner.



NEW YORK STATE POLICE
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ALBANY, NY 12226-2252

OFFICE STATE COMPTROLLER
2000 JUN 15 PM 2:06
NEW YORK STATE COMPTROLLER

June 2, 2000

Honorable H. Carl McCall
Comptroller
Office of the State Comptroller
A. E. Smith Office Building
Albany, New York 12236

OFFICE OF THE STATE COMPTROLLER
JUN 2 1 2000
ROBERT H. ATTMORE
DEPUTY COMPTROLLER

Dear Mr. McCall:

Reference is made to the correspondence of Carmen Maldonado, Audit Director dated March 30, 2000 regarding draft audit (99-S-32) entitled "Administration of the Motor Vehicle Law Enforcement Fee."

The report makes only one recommendation with regard to this agency which is as follows:

Develop an action plan for the allocation of Fee monies and ensure that State Police accounting systems accurately report how much of these monies are expended for activities relating to the detection, prosecution or reduction of automobile theft.

As noted in our previous responses, under current legislation, monies from the State Police Motor Vehicle Enforcement Account are made available as an offset account for the state operation expenses of the Division of State Police including, but not limited to, the costs of activities relating to the detection, prosecution or reduction of automobile theft and related purposes. The State Police continues to spend appropriations in the manner and for the purposes prescribed by the New York State Legislature. Our current financial reporting capabilities do not enable us to effectively and efficiently produce an accurate cost accounting system that would track the costs of a specific program.

However, the Division of State Police is actively involved in detecting and reducing automobile theft statewide, and in supporting the law enforcement efforts of local police agencies across the State.

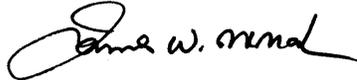
The State Police programs which support efforts to detect and reduce auto theft include the following:

- a statewide Auto Theft Unit (ATU) which is a part of a larger Special Investigations Unit with four offices statewide
- the New York Statewide Police Information Network
- a \$6 million inventory of equipment "library" used in investigating motor vehicle theft and available to police agencies across the State
- an active and ongoing training program to help its own members, as well as members of local law enforcement agencies

The State Police, with its statewide jurisdiction and presence, is in a unique position to offer assistance with auto theft investigations to local police agencies, local Troop operations, the New York State Department of Motor Vehicles and National Insurance Crime Bureau (NICB) Investigators. For your information I have attached a short report on the above mentioned programs which give an overview of the programs currently underway.

Should you have any questions, please do not hesitate to contact me directly.

Sincerely,



James W. McMahon
Superintendent

NEW YORK STATE POLICE
MOTOR VEHICLE ENFORCEMENT ACCOUNT



The Motor Vehicle Law Enforcement Fund was established by the New York State Legislature in the 1992-93 State Budget. Under the provisions of this budget legislation, a one dollar surcharge is assessed on each automobile insurance policy issued in New York State. The monies collected from this surcharge are allocated to two miscellaneous accounts, the Motor Vehicle Law Enforcement Fund (local agencies) and the State Police Motor Vehicle Law Enforcement Account (New York State Police).

Under current legislation, monies from the State Police Motor Vehicle Enforcement Account must first be appropriated by the State Legislature and then allocated by the Director of the Budget. They are then "made available as an offset account for the state operation expenses of the Division of State Police including, but not limited to, the costs of activities relating to the detection, prosecution or reduction of automobile theft and related purposes." In FY 1999-2000, the New York State Police was allocated \$9.1 million from this fund.

The Division of State Police is actively involved in detecting and reducing automobile theft statewide, and in supporting the law enforcement efforts of local and county police agencies across the State. This report summarizes ongoing programs, current initiatives and statewide support services operated by the New York State Police.

Current Trends

☐ National

Between 1997 and 1998, motor vehicle theft continued a six year trend; there were 1.24 million motor vehicles reported stolen in 1998, down 9.3% from the 1.35 million reported stolen in 1995. Despite the continuing decline in the number of motor vehicle thefts, the cost to this nation's citizens is exorbitant. Even using a very conservative estimate of \$12,000 per stolen vehicle, the value of the vehicles stolen in 1998 was more than \$14.8 billion, and this does not include the lost wages, rental of replacement vehicles, time spent filing and processing insurance claims and purchasing a replacement vehicle, or the higher insurance premiums every vehicle owner must pay.

☐ New York State

In 1998, there were 67,665 motor vehicles reported stolen in New York State, 15% fewer than the 79,740 that were stolen in 1997. The number of motor vehicle thefts has declined every year since 1990, and was down 63.8% from 1990 to 1998 (the most recent annual data available from the FBI and the New York State Division of Criminal Justice Services). The State Police made 268 arrests for auto theft in 1998 and 247 in 1999.

Impact

There is a common assumption that auto theft is an essentially a victimless crime because it does not, by definition, involve physical harm to anyone and the insurance companies cover the financial loss. Anyone whose car has been stolen, however, can dispute this assumption. There is a large personal cost in terms of lost wages, rental of replacement vehicles, and in time spent filing insurance claims and purchasing a replacement vehicle. Moreover, the financial impact of automobile theft and insurance fraud is felt by every New York State resident who pays inflated insurance premiums to compensate for auto theft claims, whether the claims are legitimate or result from insurance fraud.

Given that the average number of motor vehicle thefts reported annually is approximately 15,000 in Upstate New York, a 25% reduction in that number would result in approximately 3,750 fewer reported thefts. Using a conservative estimate for the average value of a stolen vehicle at \$12,000, this would result in a \$45 million annual savings in insurance claims. These savings, if returned to policy holders, would be a significant stimulant to the State's economy.

New York State Police Auto Theft Programs

With the emphasis in recent years by New York law enforcement on reducing violent crime and narcotics traffic, many police departments scaled back or eliminated auto theft units. One of the most significant obstacles confronting auto theft investigators is the transient nature of car thieves and the stolen vehicle itself. Vehicles are often stolen in one jurisdiction and recovered in another miles away. The New York State Police, with its statewide jurisdiction and presence, is in a unique position to offer assistance with auto theft investigations to local police agencies, local Troop operations, the New York State Department of Motor Vehicles and National Insurance Crime Bureau (NICB) Investigators.

Auto Theft Unit

The State Police Auto Theft Unit (ATU) is integrated into the Special Investigations Unit. Currently, there are twenty BCI members assigned to six auto theft offices as follows:

- White Plains – 2 Senior Investigators and 6 Investigators
- Albany – 2 Investigators
- Syracuse – 2 Investigators
- Long Island – 2 Investigators
- Rochester – 3 Investigators
- Buffalo – 3 Investigators.

Since its inception, the Auto Theft Unit (ATU) has initiated numerous investigations of motor vehicle theft and fraud related to automobiles throughout the state. In addition to cases originated and investigated solely by the State Police, ATU personnel have conducted many joint investigations with other state, federal and local law enforcement agencies. This assistance has been particularly beneficial to many smaller law enforcement agencies in New York that do not have the resources and

training needed to investigate theft and fraud related to autos. Attached is a chart which details the complete statistics for all New York State Police motor vehicle theft activity are presented in the chart at the end of this report.

New York Statewide Police Information Network (NYSPIN)

The New York Statewide Police Information Network, operated by the New York State Police, is a dedicated law enforcement communications system that provides direct interconnection for police agencies within New York State. It also permits agencies within New York State to connect to a national network of federal and state systems that links more than 64,000 law enforcement agencies. NYSPIN provides an automated file system that checks wants, warrants and stolen property within New York and, at the same time, queries the National Crime Information Center (NCIC), which contains information on nationwide wants, warrants and stolen property. This system and its enhancements have provided crucial assistance to law enforcement efforts against auto theft.

During 1999, NYSPIN received more than 21.8 million vehicle inquiries by Vehicle Identification Number and more than 14.8 million inquiries by license plate number. Of these, more than 7.1 million VIN inquiries and more than 5.2 million license plate inquiries were received from the New York City Police Department.

NYSPIN functions which are critical to the detection and reduction of auto theft include the following:

NYSPIN Special Computer Searches The searches support law enforcement efforts against vehicle theft and other crimes and include a partial search of both active and canceled NYSPIN records, a search of NYSPIN index files for inquiries on Vehicle Identification Numbers, license plates and names; a search of daily NYSPIN backup tapes; and a "Lawman" search. In 1999 4,663 of these special NYSPIN searches were conducted, an increase of 17.5% over 1998 and a 248% increase in workload since the Division began offering these searches in 1991.

Derelict Vehicle Entries NYSPIN, through a computer interface with the New York City Department of Sanitation's Derelict Vehicle Office (DVO), and working with the National Insurance Crime Bureau and the New York State Department of Motor Vehicles, assists in locating stolen vehicles and identifying insurance fraud.

NYSPIN/NLETS Inquiries to National Insurance Crime Bureau (NICB) The National Insurance Crime Bureau (NICB) maintains a rapidly expanding national and international index of more than 250 million records related to vehicles including manufacturer's shipping and assembly, vehicles imported and exported, thefts, impounds, salvage, auction, pre-inspection, vehicle claims, rentals, and the National Crime Information Center's and the Canadian Police Information Centre's recovered vehicle files. To track a motor vehicle's complete life cycle from manufacture to final destruction, the data base

the data base is designed to include vehicle liability, physical damage, and related homeowner insurance claims. NICB files include data on passenger vehicles, multipurpose vehicles, trucks, trailers, motorcycles, snowmobiles, construction and farm equipment, boats, and uniquely identifiable parts.

Delayed Hit Program The Delayed Hit Program is a fully automated, real time “Delayed Inquiry Notification” program that alerts agencies making stolen vehicle entries of any inquiries made for that vehicle in the three days prior to the stolen entry. This feature provides a possible tracking method for vehicles that may not have been reported in a timely fashion by the owner or owner’s representative.

Training

The State Police has an active and ongoing training program to help its own members, as well as members of local law enforcement agencies, effectively investigate and prevent motor vehicle theft. The New York State Police Academy Basic School, which every member of the New York State Police must complete, includes training in auto theft, document examination, and related insurance fraud. More extensive instruction in these subjects is provided to all members who are appointed to the Bureau of Criminal Investigation.

The State Police Auto Theft Unit sponsored and hosted an auto theft training seminar at the State Police Academy on February 15, 2000 in conjunction with the New York Anti-Car Theft and Insurance Fraud Committee. The Committee is a not-for-profit organization chaired by the Director of Criminal Justice that sponsors similar training courses twice a year at various locations around the State. A member of the ATU serves on the Committee’s Board of Directors. Attendees from police agencies throughout the upstate area were given instruction in VIN configuration, theft trends, fraudulent documents, and insurance fraud. Forty per cent of the 85 officers who attended were New York State Police members. Annually the State Police sends approximately 70 members to these seminars. ATU personnel provided additional training to the Attorney General’s Basic School last year.

In addition to this training, members assigned to the Auto Theft Unit have actively participated in advanced training offered by a variety of organizations. The International Association of Auto Theft Investigators (IAATI) conducts annual training seminars throughout the northeast region for law enforcement personnel. These seminars contain segments on database searches, hidden compartments, and document fraud along with the standard auto theft topics.

Equipment Library Program Administration

The 1997-98 State Budget included an allocation of \$6 million for the purchase of equipment to be used in investigating motor vehicle theft. This equipment “library” is to be made available to law enforcement agencies throughout New York State on a long term loan basis to help them in their efforts to combat motor vehicle theft and insurance fraud. The New York State Police was designated to administer this program, purchase the equipment and establish the procedures whereby

local and county law enforcement agencies could borrow it for their auto theft programs.

The New York State Police Auto Theft Equipment Library became fully operational in 1999. Agencies statewide have utilized the equipment as well as most State Police troops and special units such as the Special Investigations Units in Rochester and White Plains. The equipment has been utilized in the resolution of a wide array of cases. The Division continues to market the library with demonstrations, brochures and face to face contacts with local agencies. New York State Police electronics section personnel continue to receive advanced training and have acquired necessary licenses to make microwave capability fully operational.

LoJack

LoJack units (LJU) are small microprocessor-controlled radio transceivers purchased from, and installed by the LoJack Corporation in a secret location on a customer's vehicle. When the victim of a car theft in New York State reports a vehicle theft, the investigating agency will enter a record into the NYSPIN/NCIC stolen vehicle files. The NYSPIN computer system will send the vehicle's identifying information to the LoJack computer system which is located at State Police Headquarters in Albany. The LoJack system will determine if the vehicle is equipped with a LJU. If so equipped, the LoJack system sends out radio broadcast signals to activate the hidden LJU. When the LJU is activated, it periodically broadcasts a reply code. Police Tracking Computers (PTCs or Trackers) are LoJack devices installed in police cars. The trackers pick up reply code broadcasts from activated LJUs, displaying distance and direction information to help guide the police to the stolen vehicle. Clearly, State Police staff, as well as its automated systems and interfaces, play a significant role in the LoJack operation.

During 1999 a total of 3,350 LoJack equipped vehicles were recovered in New York State. Throughout the Nation the recovery rate for vehicles so equipped was approximately 90%. Since inception of the LoJack program in New York, 157,026 LoJack units have been sold; 85,408 of these were sold in New York City. At the close of 1999 a total of 703 Trackers were installed in police vehicles in New York

Conclusion

Motor vehicle theft continues to be a serious and costly problem nationally and in New York State. Due to a strong and increasingly coordinated effort to combat this crime, there has been a steady decline in auto theft in New York. It is a crime that requires expanded law enforcement attention, particularly in light of recent evidence of the significant involvement of organized crime and links between auto theft, illegal drugs and violent crime. The sales of cars and car parts from chop shop operations provide lucrative income to organized criminal organizations and auto theft is frequently committed by individuals to get money to buy illegal drugs. By cooperative efforts to investigate auto theft and quickly recover stolen property, law enforcement agencies can significantly reduce other crimes such as drug trafficking and related violence.

Chart A

New York State Police Motor Vehicle Theft Statistics
1999

Troop	A	B	C	D	E	F	G	K	L	Total
No. Stolen Locally and Recovered Locally	75	32	44	33	65	94	60	71	3	477
No. Stolen Locally and Recovered by Others	18	3	6	5	16	26	11	12	0	97
No. Stolen Out of Town and Recovered Locally	9	8	13	7	41	31	21	16	7	153
No. Vehicles Recovered (Part 2 Offenses)	9	8	13	7	43	31	21	192	7	331
Value of Locally Stolen Vehicles Recovered (x1,000)	\$134	\$133	\$128	\$82	\$203	\$379	\$282	\$229	\$35	\$1,605
No. Vehicles Stolen (Part 1 Offenses)	93	35	50	38	79	120	71	82	3	571
No. Vehicles Stolen (Part 2 Offenses)	6	1	3	3	8	7	2	31	0	61

Chart B

New York State Police Information Network (NYSPIN) Motor Vehicle Theft Statistics

NYSPIN / NYC Derelict Vehicle Office Statistics

Derelict vehicle entries	11,060
Derelict vehicle entries matched with prior stolen vehicle entries	3,698
Percentage of derelict entries matched	33%
Derelict vehicle entries matched with prior NYCPD stolen vehicle entries	2,737
Percentage of derelict entries matched with prior NYCPD stolen vehicle entries	25%
Percentage of all matches with prior NYCPD stolen vehicle entries	74%

NYSPIN Impounded Vehicle Entries

Total NYSPIN impounded vehicle entries	157,169
Total NYCPD impounded vehicle entries (NYCPD entries were 35% of total entries)	70,786

National Insurance Crime Bureau (NICB)

NICB software assists law enforcement in the investigation of the financial crimes of vehicle theft and fraud by helping investigators detect and correct vehicle identification number (VIN) errors. Once a VIN has been corrected, it can be verified for accuracy by checking NICB's assembly and shipping records. This software is bundled with the NYSPIN Enforcer 2000 software package, making it available to all NYSPIN users.

Total NCB1 inquiries	53,773
Total NYC (PD & Sheriff) NCB1 inquiries (40% of all inquiries)	21,511

Delayed Hit Program

Total "Delayed Inquiry Notifications"	198,136
NYCPD "Delayed Inquiry Notifications" (8% of all notifications)	15,504

Chart C

**New York State Police
Auto Theft Unit
Consolidated Statewide Statistics**

	<u>1999 Calender Year</u>	<u>2000 Year to date</u>
Cases Adopted	66	49
Leads Adopted	187	133
SP Requests for Assistance	115	73
Other Requests for Assistance	91	65
Arrests - Felony	166	114
Arrests - Misdemeanor	48	23
Vehicles Recovered	219	96
Value of Vehicles Recovered	\$2,365,632	\$ 905,841
Value of Vehicle Parts Recovered	\$ 131,870	\$ 120,000
Other (drugs, money, guns)	crack cocaine marihuana handgun	\$ 11,000 crack cocaine marihuana handguns